

## COMMITTEE ON REAL ESTATE

October 9, 2017

A meeting of the Committee on Real Estate was held this date beginning at 3:40 p.m. at City Hall, 80 Broad Street, First Floor Conference Room.

Notice of this meeting was sent to all local news media.

### PRESENT

Chairman White, Councilmember Waring, Councilmember Moody, Councilmember Riegel and Mayor Tecklenburg  
Staff: Frances Cantwell, Colleen Carducci, Chip McQueeney, Christopher Morgan, and Bethany Whitaker, Council Secretary

The meeting was opened with a moment of silence provided by Chairman White.

### APPROVAL OF MINUTES

On the motion of Councilmember Riegel, seconded by Councilmember Waring, the Committee voted unanimously to approve the minutes of the September 26, 2017 Committee on Real Estate Meeting.

- A. i. REQUEST APPROVAL OF A MEMORANDUM OF AGREEMENT BETWEEN THE CITY AND THE LOWCOUNTRY LOWLINE PERTAINING TO THE PURCHASE FROM THE LOWCOUNTRY LOWLINE OF APPROXIMATELY 10.98 ACRES OF PROPERTY IN THE CITY (NORFOLK SOUTHERN FORMER RAILROAD PROPERTY) FOR THE SUM OF \$2.55 MILLION, AND SETTING FORTH A PLAN FOR THE IMPROVEMENT OF THE PROPERTY INTO A PUBLIC LINEAR PARK.

- ii. REQUEST APPROVAL FOR THE MAYOR TO EXECUTE THE PURCHASE AND SALE AGREEMENT BETWEEN THE CITY AND THE LOWCOUNTRY LOWLINE WHEREBY THE CITY WILL PURCHASE 10.98 ACRES FOR \$2.55 MILLION.

(THE SOUTHERN RIGHT-OF-WAY LINE OF MOUNT PLEASANT STREET TO A POINT APPROXIMATELY 190 FEET NORTH OF WOOLFE STREET.) THE PROPERTY IS OWNED BY THE LOWCOUNTRY LOWLINE.

Councilmember Waring asked if they could address the title issue. Ms. Cantwell said that since the last they had talked about this, they had continued to do some digging and their own independent research. They felt comfortable that they would now be able to get the title insurance.

Councilmember Moody asked if it would be provided at closing and this was confirmed. Councilmember Moody asked if the Lowline would get it at closing or if the City would get it. Ms. Cantwell said that the City would get an Owner's Policy. Councilmember Moody said he didn't know if it was appropriate, but wondered if they should have language that said that the City would get the title of insurance. Ms. Cantwell said that was in the Purchase and Sale Agreement,

which was attached to the MOU. She wanted to explain the whole package, so they could understand the various pieces.

Ms. Cantwell said they had exhibits that showed the extent of what the Lowline would be purchasing from Norfolk Southern, and then there were two other transactions involved. One was the City's acquisition of the tract that would be used for affordable housing, and the other was for Mt. Pleasant Street, that would potentially be a hub for the Bus Rapid Transit system. Friends of the Lowline would purchase the property from Mount Pleasant Street back to Bull Street. That was the \$5.1 million purchase. Friends of the Lowline had a contract with Norfolk Southern to buy that piece. The Memorandum of Agreement would say that upon that closing the City would have a simultaneous closing. Friends of the Lowline were essentially putting up half of what it would cost to acquire the rail line from the rail road. Norfolk Southern had agreed, post closing, to move not just the rail ties, but also the rails and the ties. That was an expense that they were talking about before that they thought they would have to cover, but that wasn't the case anymore. Going forward, they would work together to master plan the park and to implement the recommendations of that Master Plan. The Friends had committed to put their good faith efforts to assist the City in raising money in the private sector. They knew they would need help from the outside to get this done. If the Memorandum was approved, they would then have authority to sign the contract for the Purchase and Sale Agreement which would trigger the due diligence period. They were running out of time; they had fifty days. If for any reason there was red flag that came up, they could walk away, but they were feeling good about where they were. That closing would occur early in December, and the City wouldn't close unless the Friends of the Lowcountry Lowline closed, and nobody would close unless Norfolk Southern abandoned the rail line, which they intended to do by closing. Also, on December 4<sup>th</sup>, there was a parcel that was owned by the Housing Authority that they were using for affordable housing. That piece would come in at \$678,500, which was the appraised value. That closing was contingent on the City's due diligence. The final piece of the package was the City's acquisition of the Mount Pleasant piece site, which was the 1.85 acre tract of land, and was an ideal location for a rapid transit depot. The closing for this wasn't scheduled until the 2<sup>nd</sup> or 3<sup>rd</sup> quarter of 2018. She was happy to answer any questions they had.

Councilmember Moody said that the three properties weren't connected and that they could buy two of them and not the third. Ms. Cantwell said that they were three separate transactions, so it was up to them to decide.

Chip McQueeney said that the only property that was contingent was the Mount Pleasant parcel, because they would have to remove the entire track for the 1.7 miles. The Mount Pleasant parcel has track in the middle of it. The only contract they had that was contingent with others was that the City would not have to close on the Mount Pleasant parcel if the Lowline didn't close. The Mount Pleasant parcel was not schedule to close until July 15, 2018. Councilmember Moody said that he heard him saying that the track runs the whole way, so they wanted to abandon the whole thing, and wanted the City to take the Mount Pleasant property.



So, they were all connected, because if the City said they didn't want that property, the whole deal might collapse. Mr. McQueeney said that the only one that could potentially go away is that they wouldn't get the Mount Pleasant parcel if they didn't close on the Lowline property. Other than that, they could buy everything separately. They just couldn't buy the Mount Pleasant, and not buy the Lowline.

Councilmember Waring said that if they wanted to buy the Lowline and the affordable housing pieces, they could do that without buying the Mount Pleasant piece. This was confirmed. Councilmember Waring said that he wanted to thank everyone who had work on this. It was a whole lot different than it was three months previous. The City had experience with railroad right of ways, so this made sense. He did have a question as to how to and how to coddle more money. He wasn't saying that the price for the Mount Pleasant parcel was too much, but they all promised taxpayers to get money for mass transit. He wasn't a big fan of bridging that for this site. They had representatives on the Carta board, and he thought they ought to try to get the County to buy that site. He knew they were talking about the City buying it, and then flipping it to the County, but he thought they might get stuck. The streetscape around Huger Street hadn't started yet, and \$2 million from that remained. They could take the \$2 million in streetscape. There were many Councilmembers who had no sidewalks, but they were taking \$2 million to tear up sidewalks on Huger Street. If they were to ask him whether he wanted to use it for sidewalks or for the Lowline and fixing flooding, he would vote for the Lowline. It would make it easier to do. The affordable housing was a legitimate use for the \$2 million, because affordable housing was an allowable use, as was drainage. They might have to go back in front of Council to rescind those contracts and re-direct the dollars, but if they could fix the flooding, and use the money for the affordable housing piece. They should get with the County about rapid transit and the Mount Pleasant piece.

Mayor Tecklenburg said he wanted to introduce a few people. This had evolved a lot and it was a much better deal than it was before. He thanked his colleagues for their guidance and suggestions because it helped them to make it a more palatable piece. He wanted to thank Friends of the Lowline specifically. They were represented by Scott Parker, Mike Messner, Harry Lesesne, and Winslow Hastie. Ron Owens, Post and Courier, was also there. Sharon Hollis, BCDCOG, was there as well and they had met with her about the future use of the Mount Pleasant piece. The intent of having the closing date next July was to give them and the County plenty of time to come to a deal.

Sharon Hollis stated that the Mount Pleasant parcel area had been identified as a very critical component. They were waiting for the Federal Transit Administration to tell them what level of environmental review they would have to go through. They anticipated starting that early next year, and that would be about a 2 year project. Councilmember Waring asked when the funding would be available. Ms. Hollis said that it was a process and they were waiting on the information for the environmental review, which they hoped to hear about in the next month. Councilmember Moody asked if they were willing to invest the \$1.6 million to buy that piece

from the City. Ms. Hollis said that she didn't have that authority, but that site would be critical to them.

Councilmember Seekings said that the project was a joint project between the BCDCOG, Carta, and the Federal Government. There were two sources of funding. One was the half cent sales tax, which was a geometric progression of funding, and the second was the Federal Government funds. The fact that it wasn't closing until next year would allow them to get their approvals and buy the piece back from the City. The purchase price was a good price, and it would only go up. This was the end game, and it wouldn't put the City in a bad position. The City would carry it for a short period of time.

Councilmember Moody said that his understanding was that if they didn't have that commitment, then they didn't have to close on it. Mr. McQueeney confirmed this and said that the due diligence was through May 4, 2018. Page 6 of the Contract gave them the right to terminate for any or no reason on or before that date. Chairman White said that the documentation for the due diligence was 60 days and asked where it gave the due diligence until 2018. Mr. McQueeney said that it was Paragraph 4, on page 2.

Mayor Tecklenburg said that the value was very good. Friends of the Lowline were willing to put in half of the money, so it would give the City 10.92 acres of property for just over \$2.5 million, which was remarkable. They didn't need to go into all of the benefits. He didn't disagree with Councilmember Waring about the drainage and streetscape, but they had identified pots of money to pay for various things. The main source for the purchase of the right-of-way would come from the TIF district, which was performing incredibly. They had the funds in the TIF district, and that would allow them to use funds from the streetscape, or the Cooper River Bridge TIF, for the drainage project. He found the map of the drainage basins to be interesting. The rail line created a dam effect. Their ownership of that line would give them better flexibility, and they wouldn't have to hassle with Norfolk Southern to plan and achieve drainage improvements in that area.

Councilmember Waring said he was trying to find a way that they could all agree and that they could find a way to help with the flooding. Councilmember Moody said that on the first page on the bottom it said that the City and the FLL had a plan to transform it into a public linear park. Certain Councilmembers would be upset about drainage and if they didn't put something in there that allowed it to be used for drainage, it might come back and bite them. He was afraid that if they didn't solve the drainage at King Street and Huger Street, they would run into a problem. Ms. Cantwell said that she didn't want to speak for the FLL, but that they would want a linear park there. Any drainage improvements that the City needed to do related to that park, so long as it didn't preclude the use of the rail bed as a park, she thought they would be amiable. They could put that language in the memorandum. Andy said that he had just confirmed with the Board and that they would be agreeable with that language. There was a Georgia Tech study that looked at drainage, and it would certainly help. Councilmember Moody said he had read



that study and it was full of drainage, but when he was going through this he hadn't seen much about drainage. He asked if there should be a commitment to time or funding. Ms. Cantwell said that they could put that in there.

Councilmember Waring said that they had serious flooding for the past three years. The railroad caused a dam which was similar to the Church Creek Basin. When they over ride one or two Councilmembers about this, then they weren't going to help when it came to something like this. That hurt the City overall. They were behind on the drainage and flooding and they needed to re-direct dollars to help with both. Councilmember Riegel said that his district had a lot of trials with flooding. He commended the City and the Lowline for realizing they needed to mitigate flooding. He would fully support this. Councilmember Waring said he wanted the part about the streetscape to just be discussion. Chairman White said when they got to Item B that might be an appropriate time to take action to make more specific changes to that. He commended everyone that had been a part of this. They had gone a tremendous length in a good direction. They always ended up with a better solution when they all sat around and agreed to disagree. The challenges he saw in this project, originally, were risk. There was very little that City Council could do to mitigate the risk for the taxpayers. For him, that was what had caused the anxiety to move forward. But, with all of the work that had been done, they were now at a point where the risk was palatable.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve Item A.

**B. REQUEST APPROVAL OF A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY AND NORFOLK SOUTHERN RAILWAY COMPANY PERTAINING TO THE CITY'S ACQUISITION OF AN APPROXIMATELY 0.71 ACRE TRACT OF LAND OFF F STREET FOR THE SUM OF \$678,500.00 (0.71 ACRE PARCEL WITH FRONTAGE ON THE SOUTHERN END OF F STREET). THE PROPERTY IS OWNED BY NORFOLK SOUTHERN RAILWAY COMPANY.**

Colleen Carducci stated that the Cooper River Bridge mitigation required approval of the SCDOT and it included federal funding. Therefore, it included the federal highway approval as well. The money that was currently dedicated to Huger Street was approved by both of them. This would be another change to that. They were ready for the money to be spent, and there were things that needed to be done for the expenditure of the money on Huger Street. She thought it would be challenging to request a change, because this had been quite a few years in the making.

Councilmember Waring said that he had raised this in 2015 and had gotten the same answer then. In the mitigation agreement, it did allow for the money to be spent on affordable housing and for drainage. They hadn't even asked from 2015 until now for any of those dollars to be used for that. Ms. Carducci said that Ms. Wharton may be able to speak to the Capital Projects process and the funds that had been spent and working with them. There had been money set aside for the Huger Street process, and she thought there may have been recent design changes

that had caused it to be delayed. Councilmember Waring said that they might have to bring it before Council. He didn't see why they shouldn't be the ones asking. If they didn't ask, they wouldn't get it. Ms. Wharton said that she didn't remember asking for change. Councilmember Waring said he was agreeing with that. They could close on this quicker than the streetscape.

Chairman White said that, originally, funding was going to come from fee-in-lieu money. Mayor Tecklenburg said that he would propose that they would have a very thorough discussion at the workshop meeting in reference to those projects themselves. Huger Street was part of the Cooper River Bridge TIF and that would be part of the drainage line needed. The frustrating thing about the streetscape project was that they hadn't even gotten the design finished and approved by the DOT. He was asking for patience to delve into it. Councilmember Waring said that they would have the discussion at Council. They had been working on the streetscape for three years and had money sitting in the bank. They had an expenditure of \$678,500. They needed to identify dollars to go towards the flooding on King Street and Huger Street. Chairman White said that it wasn't the acquisition of the site that was a challenge; it was how they funded it. They had a good discussion, and he got the sense that the Mayor and staff had the next 24 hours to think through some details prior to Council. Councilmember Moody said that they needed more than pictures, they needed proposed solutions. They needed to get hindrances out of the way. The money had to be spent in the TIF district. Ms. Wharton said that the approval process took so long through DOT, approximately 18 months.

On the motion of Councilmember Moody, seconded by Councilmember Riegel, the Committee voted unanimously to approve Item B.

C. REQUEST APPROVAL OF A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY AND NORFOLK SOUTHERN RAILWAY COMPANY PERTAINING TO THE CITY'S ACQUISITION OF AN APPROXIMATELY 1.85 ACRE TRACT OF LAND ON MOUNT PLEASANT STREET FOR THE SUM OF \$1,617,200.00 (A PORTION BOUND BY COURTLAND AVENUE AND MOUNT PLEASANT STREET BETWEEN KING STREET AND MEETING STREET). THE PROPERTY IS OWNED BY NORFOLK SOUTHERN RAILWAY COMPANY. (AMENDED TO BRING BACK BEFORE COUNCIL 60 DAYS BEFORE CLOSING)

Councilmember Moody said he wasn't sure if they needed to add something to this. He wanted to be sure that the purchase of the property and closing wasn't until July, and they could walk away. Mr. McQueeney said that they could terminate for any reason prior to May 4, 2018. Closing was on July 15, 2018. If they needed more time, they would need to negotiate before May 4, 2018. Chairman White asked if they could force performance on the contract after May and this was confirmed.

Mayor Tecklenburg said that they were moving forward with this now so that they could have the environmental study ordered. Chairman White said, that of all of the items, this one still gave him some pause. It wasn't for the use of the site in the future, but that the City was



facilitating a process that he didn't think they needed to be in. This contract could easily go straight to the COG, as opposed to the City. He thought they were getting into a transaction, that he wasn't sure the City added value to. He understood that there might be funding gaps, but the big question was had it been contemplated that the contract go straight to the COG. Mayor Tecklenburg said that his understanding was that they weren't empowered yet to do business. They had started to set up a formal structure, but it wasn't in place yet. Councilmember Seekings said that they had to get the 23 mile right-of-way cleared, with all the stops along the way. This would allow them to do that. The reason this was benefit to the City was because this was a single negotiation, and it was a good price. The City wouldn't lose a dime on this transaction. There could also be other things around the hub because it was a very big parcel. It was very low risk because of the value the City would get.

Chairman White said that they could bail out by May so he didn't have any concern that they would lose money on this transaction. He thought there might be too many people in the process, but it did appear that they could assign the contract as long as the seller was willing to accept it. He said maybe they could have a conversation with the seller and ask if they would be willing to assign the contract to whichever entity ended up taking title to these properties, and then maybe they could exit themselves out of the transaction before May. Councilmember Waring said he agreed with all of that. He would vote for it, but said they could put as part of the motion, that this would come back before them 60 days before closing. Councilmember Seekings said that the property was placed strategically and they were also looking at it as a location for park-n-ride. The City was getting Norfolk Southern out of the way.

On the motion of Councilmember Moody, seconded by Councilmember Riegel, the Committee voted unanimously to approve Item C, with the amendment to bring it back before Council 60 days before closing.

**CONSIDER THE FOLLOWING ANNEXATIONS:**

- i. 7 Riverdale Drive (TMS #: 418-14-00-077) 0.26 acre, West Ashley (District 11). The property is owned by Chris Straight and Jennifer Outlaw.
- ii. 1320 N Edgewater Drive (TMS #: 349-14-00-011) 0.66 acre, West Ashley (District 11). The property is owned by John and Catherine Rama.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the above annexations.

Having no further business, the Committee on Real Estate adjourned at 4:38 p.m.

Bethany Whitaker  
Council Secretary